

PX62

From: REDACTED - PERSONAL INFORMATION
 Sent: 16/05/2019 15:33:49
 To: perekopsky@telegram.org
 CC: REDACTED - PERSONAL INFORMATION
 Subject: REDACTED - PERSONAL INFORMATION to list IOU on Grams

Dear Ilya,

I'm REDACTED - PERSONAL INFORMATION at REDACTED - PERSONAL INFORMATION is the top-10 largest crypto exchange according to the CoinMarketCap. Our daily trading volume exceeds 2.3 billion dollars a day. We have 1 million monthly visitors and more than 500 thousand registered traders with strong communities from Russian, China and Vietnam.

I'm contacting you because REDACTED - PERSONAL INFORMATION is considering listing IOU notes on Grams and your cooperation and comments would be much appreciated! We do believe that our proposal is extremely important and beneficial for Telegram.

Recent allocation and the consequent drawdown of Lyft and Uber highlighted the essential problem of all IPOs – selling pressure coming from early investors. The drawdown as of 16/05 are -45% and -2% (while it was as low as -13% at the third day of trading) to initial trading price respectively. This happened despite underwriters' efforts with "greenshoe" option and the relevant price support commitment – they have sold more shares on underwriting than was issued and now are effectively in short position that is worth covering buying shares back at any price that is below the IPO. E.g. for Lyft the short-selling activity is abnormally high (40% of the free-float) and is reportedly performed by the investors hedging their lock-up positions. Formally, there is a 180-day lock-up, but reportedly underwriters found a way to bypass it.

If we take Telegram Open Network allocation and assume that there won't be a way to do any market-making openly and to be in the same level of regulatory scrutiny as in Lyft and Uber cases, the drawdown after listing could be much more significant. Given that the 2nd round didn't bind investors with lock-ups, it could generate significant selling pressure at listing and lead to panic and overreaction.

One of the most obvious ways to reduce the selling pressure is to establish a preliminary market for TON with supply and price control mechanisms. We suggest establishing a relevant vehicle that securitizes the future claims of investors and list the relevant IOU notes on a reputable crypto exchange.

Tezos faced similar problems a year ago and there was even HitBTC IOU contract for early trading, but it was unpopular – daily volumes were around \$0.5mln – and after the mainnet launched Tezos listed with 74% drawdown. The basic problem was the lack of credibility to HitBTC IOU setup.

We propose the following plan and scheme.

1. We launch an independent SPV in a finance-friendly jurisdiction OR use some existing provider of SPVs. Also, we use an appointed "operational company" that will act as the liquidity provider
2. We set up the compartment that would absorb the relevant rights for investors willing to sell in the IOU notes. We can make the universal 3-lateral agreement between Telegram, seller and SPV for transferring the rights on Grams. While the PA with Telegram prohibits sale or transfer of rights on Grams we believe that it originally arises from the Reg.D requirement of the 12 months prohibition on resale. And since the 12 months period has passed from the deal closing date for both rounds we believe that Telegram may be able to grant permission to the seller on transfer of its rights to the SPV. In the scenario when Telegram is not in a position to permit such transfer we may proceed with a pure credit type of IOU notes and cover the risk by a guarantee of future delivery of Grams or financial settlement on the price difference from independent sources with no link to PA with Telegram.
3. It would be the most beneficial for all parties and allow us to deliver the best price discovery and stability if all compartments are backed by a confirmation from Telegram that the setup is ok and that Grams will be effectively delivered to this compartment (so basically official message that Grams Telegram is not against the structure and the project in general).
4. Any launch will in this or that case be controlled by us in full transparency with Telegram so if we'll see any negative price action, we'll stop the new issuances.
5. We will list these notes on crypto exchanges. The initial issuance is bought by our operational company. US citizens are prohibited at any time to purchase or own notes.
6. The operational company will actually control the trading book and provide liquidity while notes owners will have a right to trade them at the secondary market.

7. Each note will be represented by a record in the Ethereum blockchain, transfers and deals with notes will be reflected as new records in the blockchain. Effectively notes will be tokenized, transferable and tradable while all exchanges will be instructed to prohibit US citizens to trade these notes.

8. Upon delivery of Grams to the SPV, the SPV will facilitate 1-to-1 conversion of IOU notes into Grams in cooperation with venues where notes are tradable. At that point proceeds from notes sale will be delivered to sellers.

9. In case of non-delivery of Grams, proceeds of sale will be proportionally distributed among owners of notes as of the moment of confirmation of non-delivery.

The main advantage of this scheme is that we're building the "safety layer" and reduce the risks related to the direct exposure on purchase agreements and SEC.

Another advantage is that we in cooperation with Telegram fully controls the process and the supply which will allow us to give the market enough time for price discovery without being hurt by the uncontrollable sale waves.

The launch of this program will give an opportunity to avoid any overreactions at the listing, getting rid of "flippers" and making the Gram-holders base more "HODL" i.e. committed to long-term vision and contributions.

And finally, it gives a controllable option for price indication (that is set by Operational Company) to be more or less in line with the whitepaper formulas.

Will be glad to discuss in detail. This will require time allocation and costs from our side, but we know how to do it and we did that once with a few other projects and we can do it for you.

Thanks a lot in advance.

REDACTED - PERSONAL INFORMATION